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C O N F I D E N T I A L SECTION 01 OF 02 DHAKA 004413

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SUBJECT: JATIYA PARTY POSITIONED AS POSSIBLE "KINGMAKER" IN
COMING ELECTIONS

Classified By: Acting P/E Counselor David Renz; reason 1.4(d)

11. (C) SUMMARY. Speculation about the political future of former President Ershad is on the increase in Bangladesh. Ershad and his Jatiya Party (JP) have stepped up negotiations with both the BNP and Awami League (AL), with particular emphasis on the ruling BNP-led coalition, in preparation for the upcoming elections. Ershad himself is candid about the price for his electoral fealty -- the presidency. END SUMMARY

12. (U) On July 2 former President (and current JP leader) HM Ershad and his wife Roushan met with Prime Minister Khaleda Zia and her son, BNP Joint Secretary Tariq Rahman, at the Prime Minister's Office. According to media accounts, the official purpose of the meeting was to discuss a problem related to a real estate deal gone sour. The media quoted sources within the BNP as saying that the true purpose of the meeting was to discuss Ershad's terms for joining the governing BNP-led Four Party Alliance in the run-up to the parliamentary elections.

13. (C) In a meeting with the Ambassador on July 3 Ershad confirmed the meeting had taken place and said that he was "facing sleepless nights" trying to decide which party to ally with. He stated that he had more sympathy for the BNMP, but was opposed to fundamentalism and felt that the BNP had "supported the JMB initially" and contributed to its rise. He said that he had been speaking with both the BNP and AL and had provided both with a list of his demands, chief among them that he wanted to be president.

14. (C) Ershad said that Sheikh Hasina needed the JP to win, and that if the AL were to elect him president it would make up for the humiliations he had suffered at the AL's hands. He said that the AL had agreed to many of his demands, but the BNP was still considering them. He also added that Tariq Rahman threatened that if Ershad decided to side with the AL they might still lose, in which case the BNP would throw him back in jail. He also told the Ambassador that the BNP had placed him under surveillance and that they were trying to prevent him from making a deal with the AL by making it difficult for him to communicate with them.

15. JP General Secretary Ruhul Amin Hawlader told us on July 12 that it was still uncertain which coalition Ershad would join. JP Political Secretary Kazi Firoze Rashid confirmed this in a separate meeting. According to Hawlader, Ershad would wait until the last possible minute to announce a deal. He said that part of the reason for this was because Ershad did not trust the BNP and wanted to make sure that he had a

deal in hand before making a public commitment. The closer to the election a deal is announced, the more damaging for the BNP should it ultimately renege, according to Hawlader.

¶16. (C) Another JP MP, Ershad's brother GM Quader, has told the press that as the chances of the ruling alliance winning the next elections were slim "it won't be right for the party to join the ruling coalition." Rashid discounted Quader's statements, speculating to us that Quader was actually making these statements with Ershad's blessing in order to keep up the pressure on the BNP.

¶17. (U) The JP holds 14 seats in the current parliament, most of them in the northwest of the country around Rangpur, which is considered to be Ershad's stronghold. Both Rashid and Hawlader expressed the belief that the JP was in the "kingmaker" position. With the country split between the BNP-led coalition and AL, an alliance with the JP could swing the election one way or the other. According to one local magazine, the JP was thus both parties' "stairway to victory."

¶18. (C) Hawlader told us that the JP would feel more comfortable in alliance with the BNP, and that this is where they were currently leaning. He expressed doubt that Sheikh Hasina would be willing to give Ershad the presidency, whereas it might be easier for the BNP (which shares "common roots" with the JP) to make such a commitment. He predicted that the biggest problem with the BNP-led coalition would be in negotiating which seats the JP could run in. The JP would expect 50 seats, which could put it in open conflict with the BNP, which would have to give up some races, and possibly sacrifice some incumbents. In addition, the largest of the BNP's current coalition partners, the Jamaat Islamiyah (JI), is also jockeying to run in more constituencies, and the

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coalition could get crowded if the JP were to join. Hawlader added that Ershad would meet again with the PM upon his return from China on July 13.

COMMENT
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¶10. (C) Ershad clearly feels that his party will be the "kingmaker" if the electorate ends up evenly divided between the BNP and AL. He is still keeping his options open, and his recent public meeting with the PM and mixed signals from other JP members is clearly designed to enhance the JP's negotiating position with both parties. Though they made it clear to us that the JP may still decide to contest the elections alone, members of the party leadership appear to be leaning in favor of an alliance with the BNP.

¶11. (C) Another factor for Ershad is that the AL appears to need him more than the BNP does. With no other substantive partner in its 14-party coalition, the AL is desperate to add heft to its opposition alliance. Ershad is all too aware that if he makes the wrong choice, the result could be a return to prison. Given his advanced age, time is running out for a comeback. A wrong move could end his political career for good.

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